

Budget speech: Building a foundation for our future
May 29, 2003

With the budget I bring you today, we embark on a new phase of the most ambitious construction project our community has ever undertaken building a new local government.

Today with this proposed budget we begin laying a strong foundation that will shape the future of our new city.

We lay this foundation in challenging times as cities and states all over the country, faced with falling revenues, slash jobs and services.

And yet we do it in exciting times: Louisville Metro, born 5 months ago, inherited two of almost everything a Noah's Ark of government functions, including two budgets to finish up this fiscal year.

With this budget, we become one: One government dedicated to ambitious dreams for all our citizens with one financial blueprint for our community's future.

One city with a unique opportunity to use the efficiencies and synergies offered by merger to shape a smaller, smarter government that truly accomplishes more with less.

You know the numbers we start with Louisville's general fund revenues are projected to be down \$1.2 million as we face \$17 million in "mandated" spending increases for union contracts, health insurance, debt service and retirement. From community development block grants to workforce training funds, we're facing federal cuts, too not to mention reductions in revenue from the Commonwealth of Kentucky, which is reeling over budget shortfalls.

This was never going to be a business-as-usual budget you know, where you take last year's budget, then add 5 percent to everything . and make everyone happy.

I built 13 city budgets as Mayor of the old city of Louisville As alderman, I chaired the finance committee and worked on four more. I saw federal programs come and go watched our economy sizzle and fizzle.

But nothing comes close to this challenge. You can measure it in inches and pounds and hours as well as dollars a general fund budget of more than \$430 million. Budget meetings stretched across weekends. with managers and budget staff hefting 8-inch-thick, 15-pound binders . We studied budget proposals and we made cuts. Then we asked questions and we cut more. In one-time capital spending alone, \$118 million in requests were whittled to \$55 million.

"This will have to wait" was a phrase repeated frequently and regretfully: Some great new initiatives had to be postponed.

"We are studying how every dollar is spent" the Police Chief told us.

Anyone who answered a question with the words "It's always been done that way..." was quickly asked: "Why?"

And we'll continue to ask "why" about every operation and service of our new government.

How should we handle EMS services? A task force is studying our two operations. How many vehicles do we need? An expert consultant will make recommendations about our fleet. What parts of our community have gaps in recreation services? We're looking at that, too.

As a result, the budget I present to you today will have to end with the words: "To be continued." After I receive those reports and others, and have time to analyze them, I will return at mid-year with recommendations for additional budget adjustments.

The bottom line is that I emerged from our rigorous budget-building process convinced that we are incredibly lucky.

Because our community said "yes" to merger 2 ½ years ago, we can create the right size government a right-sized government to live with today's financial realities.

Merger makes it easier to streamline, to find efficiencies, to "manage through" tough financial times and to collaborate in creative ways that benefit our citizens. Merger is not the problem: Merger gives us opportunities to work out solutions to the economic problems facing our hometown. Without merger, two local governments with two administrations would face the same revenue problems magnified and multiplied.

My budget does not suggest we add a health tax, as proposed in Lexington to solve its \$8 million deficit or raise the sales tax as they are considering in New York or cut the police force as they have in Boston or close library doors as happened in Seattle.

The balanced budget I recommend to you today proposes no new taxes and no cuts in city services but, unfortunately, provides no raises for the one-third of our workforce that does not belong to a collective-bargaining unit.

While the city is locked into union-contract raises that average 4 to 5 percent for the coming year, I want to make it clear that these employees, too, will be

expected to do their part. As we negotiate new contracts, we will ask union employees two-thirds of our work force to take no salary increases in the first year of their contracts.

If numbers could talk, this budget would say one word: "Ouch." It is painful. I could say, "We hope the economy will improve and the unemployment rate will go down .and our health-insurance costs will decline and the stock market will make up its 1/3 loss in value so our pension contributions will decrease."

But: "Hope is not a plan," as one national economist wrote last weekend. And it is our responsibility to plan. While painful, this budget is the most thoughtful, responsible, purposeful spending plan I've seen created in all my years in government.

It includes programs that focus on our community's most critical concerns, first and foremost.

The single most important initiative for the coming year is a local/federal commitment to develop a new, comprehensive metro-wide emergency communications and response system. I am calling it the MetroSafe Emergency Communications Network.

When our city and county police departments merged, they had two different radio systems. We figured out a short-term solution. But helping them communicate is just part of our challenge: We have nine separate emergency call-taking and dispatch centers in our community. Our radio frequencies are overloaded. Much of our equipment is outdated. If we faced a community-wide crisis, it would be very difficult for our police, fire, and emergency medical personnel to communicate with each other and effectively coordinate a response.

It's crucial that we take this moment of merging city and county government to connect all the departments and agencies involved in 911 response situations police, Louisville Fire and Rescue, our county's 20 suburban fire districts, EMS, emergency preparedness, our health department and local hospitals.

In post- 9/11 times, we are challenged not just as the nation's 16th largest city, but as a national crossroads. We live at the juncture of 3 interstate highways .on a river second only to the Panama Canal in shipping tonnage with an airport that is home to one of the world's largest package-shipping hubs.

We need a unified system: We need to stop addressing our problems piecemeal . buying equipment like radios, mobile data terminals and computer-aided dispatch units in different departments, at different times, using different operating systems without regard for compatibility.

To build a fully integrated communication and emergency response network is estimated to cost \$40 to \$50 million.

We have \$10 million earmarked for this emergency communications network in our 911 enhancement fund. This money, collected under state law since 1996 through small surcharges to telephone bills, can only be used for emergency communications enhancement.

This \$10 million MetroSafe fund will serve as a match or addition to federal funds available through Homeland Security legislation and other sources. We are aggressively working on applications and have enlisted the support of our Washington delegation who also view this emergency network as an extremely critical priority.

To build a balanced budget in tough financial times, you have to make tough choices.

The tools we propose to use to build a foundation for a smaller government that “works smarter” take advantage of our situation as a newly consolidated government.

1. As you know, we are streamlining staff cutting vacant positions eliminating positions when we have duplication and looking for ways departments can share resources from dispatchers to business managers to clerical support.
2. All city employees will move to full 40-hour work weeks, effective July 1, like most of our citizens, who work and contribute taxes to pay our salaries unless the city is bound, for now, by contracts that stipulate otherwise.
3. We will manage overtime better. In some departments, overtime spending has soared millions of dollars over approved allocations. No more. We will create staffing schedules that, barring special circumstances, use overtime sparingly. And we all will be called upon to work harder and accomplish more in an 8-hour workday.
4. We will manage our thousands of city vehicles more economically from reviewing who should be assigned a city car to keeping vehicles longer .to cutting maintenance costs.
5. We will continue our evaluation of office space for city workers and services the approximately 300 buildings the city owns and the 50 leases we inherited. As we consolidate our staffs, we will aggressively seek efficiencies buildings to sell, leases to cancel. We estimate potential yearly savings of \$1 or \$2 million on leases once we get this under control.

6. We have been asking the question: Are there some jobs done by government .that could be performed as well at less cost to taxpayers if we paid a private company to provide the service? The answer is clearly "Yes," in many cases. We can save hundreds of thousands of dollars by "outsourcing" or "privatizing" selected services by taking competitive bids. The former county government "outsourced" janitorial services at a cost of 91 cents per square foot, for example, while the former city spent four times as much \$3.60 a square foot to have its office space cleaned by government employees. While union contracts may limit our options in some areas, this budget does recommend outsourcing meals at the youth detention center and the commissary operations at the jail. In the months to come, I intend to pursue outsourcing opportunities for potential savings in other areas.
7. We designed a new system this year to make sure that the grants that we award to our community's nonprofit agencies and organizations from social-service providers to arts groups to neighborhood and youth programs are evaluated thoughtfully and fairly. Before merger, some groups received grants from the city AND from the county AND from aldermen and commissioners...often without any coordination or followup. So we created a new system with a new application and clear guidelines. All requests were reviewed and rated by panels composed of 3 metro staff members, 3 Metro Council representatives and 3 citizens. And I followed all panel recommendations in my budget, which provides more than \$5.7 million in grants to 136 nonprofit organizations.
8. Another management tool for building a strong foundation for government is investing in technology... in new computer systems and upgrades. In some cases, city and county departments used different systems we had to pick one. In other cases, we are supporting leading-edge service to our community and government like the incredible LOJIC mapping system available to anyone with a personal computer and a new system for local planning and development called MIDAS that will improve service and citizen access. When our city's brand-new financial management system is up and running July 1, it will help us monitor spending, find purchasing efficiencies and increase accountability.
9. Finally, this foundation budget keeps our financial commitments ...to Home of the Innocents for its new facility...to the Louisville Science Center for its "World Around Us" exhibit... and to continue work on Park DuValle's revitalization. And for projects of special interest to those of you on the Metro Council, my budget places \$50,000, as you requested, in a discretionary account for each member.

Now, I would like to go over some highlights of the spending commitments recommended in this budget.

By far the largest slice of our city's budget is the Louisville Metro Police Department, which accounts for more than \$112 million of our general fund budget...with 80 percent of that in personnel costs. That's about \$4 million more than the current year.

- We will maintain our current police strength and anticipate a recruit class of 25 to 30 during this fiscal year.

Down the road: I agree with our Police Chief's mantra: "Hire civilians and get uniforms on the street." Unfortunately, in this budget we did not have the money to hire civilians for the police property room, evidence-collection team and information technology services. We will definitely pursue that next year.

In the Public Protection cabinet

- The Louisville Division of Fire and Rescue will continue service at its current level.
- Our EMS task force is studying national models to decide how to organize services for the future: We now have the Louisville Fire and Rescue in the former city of Louisville 80 percent of its calls are medical-response requests and the stand-alone former Jefferson County EMS. Depending on task force recommendations, we will have a recruit class of firefighters, hire more EMTs and paramedics or do both.

Down the road: Our consultant evaluating Corrections will provide a full analysis of that department's personnel, policies and programs. That report will guide recommendations for staffing and budget in the future. My budget includes a corrections guard class during this fiscal year, depending on retirements and vacancies.

In the area of Public Works and Services

My proposed budget uses about \$2 million in general funds as a match to attract more than \$11 million in federal and state funds to repair streets, bridges, sidewalk and traffic signals.

This budget funds improvements to Stonestreet and Cooper Chapel roads and Southside Drive, along with other Metro street improvements.

- This budget includes funds to repair bridges at Aiken Road, Hobbs Lane, Beargrass Creek and Fairmont Road, along with other Metro bridge repairs.
- And funds are included for signal maintenance; tree-planting; sidewalk repairs and alley maintenance.

- As a result of concerns I heard traveling around our community, we are created a new team of 42 property maintenance inspectors who will focus on neighborhood eyesores like weed-filled lots, junked cars, and dilapidated houses throughout the entire city of Louisville. These inspectors, cross-trained from several departments, will cite property violations and provide aggressive followup.
- And I'm happy to announce that the last batch of heavy-duty garbage carts will be distributed this summer to the final 23,000 households in the former city of Louisville. With our entire Urban Services District "carted," this budget contains significant savings in the personnel needed to staff our solid-waste trucks.

Down the road: With one local government voice, I hope we can work for additional funds for specific road projects with Kentucky's General Assembly next year. Throughout our new city are many, many state roads in need of repair.

The cabinet of NEIGHBORHOODS, PARKS AND CULTURAL ASSETS contains many examples of departments stretching to serve people from our urban core, our suburbs and new residents from other countries all those people who call Louisville home.

- Our Neighborhoods department which has its roots in the former city government will be adding two outreach staff members to work with suburban neighborhoods.
 - The department hopes to complete as many as 20 assessments of neighborhood needs in the coming year, working in partnerships with neighborhood organizations, subdivisions and suburban cities. In addition, we plan to hold a "summit" this fall for neighborhood groups to network and learn from each other.
 - Calls to our MetroCall operation the 311 phone line that fields citizen questions have skyrocketed since merger to more than 3600 a week. The MetroCall staff of nine has already grown to 11 this year. This budget proposes adding two more people to cut down on call-waiting time.
- Our parks and recreation system, one of our community's strengths, receives much-needed attention in this budget.
 - Iroquois Amphitheatre reopens this summer my budget continues our renovation of that facility.
 - We will upgrade community facilities for field sports like soccer, hockey and lacrosse improve parkland along Floyds Fork and build a disc golf course at Vettiner Park.

- This budget contains accounts to handle roof repairs; heating-and-air-conditioning repairs; swimming pool repairs; outdoor athletic facility maintenance; playground equipment, athletic equipment; park restroom improvements; and plantings a total of more than \$1.8 million. Our motto here is: Maintain, maintain, maintain the parkland, the facilities, the equipment we have.

With education a top community priority, I would love to have the resources to announce substantial increases in funding for library salaries, books, materials and new construction. I am recommending \$2.7 million for books and materials, the same commitment made last year by the city and county. In addition, this budget asks you to endorse the library's master plan a key step in getting state funds and dedicates \$500,000 towards library master plan implementation.

Down the road: We are making a community-wide assessment of recreational facilities especially those that serve young people This will guide our decisions about funding community centers and establishing more community schools.

- In the area of arts and cultural affairs, my budget proposes \$1.3 million in grants to community organizations, following the recommendations of our review panel.
 - Recipients range from Actors Theatre and the Greater Louisville Fund for the Arts to the Squallis Puppeteers and the Louisville Chorus, from the local Public Radio Partnership to the Little Loomhouse, Juneteenth Legacy Players and the Kentucky Dance Council.

In the Community Development Cabinet our focus is on neighborhood services, economic development, downtown and housing programs.

- In Planning and Design Services, we are responding to the many concerns we have heard throughout the Metro area about the need for a more responsive, effective planning system.
 - We're setting aside \$150,000 for development of full-fledged neighborhood plans. We are hiring a Neighborhood Planning Coordinator and adding two planners to our Planning and Design staff.
 - Twice a year, we will hold a Neighborhood Planning College to help neighborhood groups and interested citizens learn more about the planning process.
 - And because we know that planning and zoning can be confusing, we're designating a staff member as an ombudsman. Our community's commercial corridors are a special priority.

Our new neighborhood retail team Corridors of Opportunity in Louisville or COOL is targeting empty storefronts and buildings along roads like Preston and Dixie, Bardstown and Shelbyville roads, Oak and Market streets looking for tenants, from dry-cleaners to coffee shops to family restaurants, that meet the needs of residents in surrounding neighborhoods

- As this year's city revenue picture vividly illustrates, our city's economic health is tied to jobs occupational tax revenue accounts for about 60 percent of our general fund income. So several new initiatives focus on job-creation:
 - My administration will be working with the fastest-growing companies in Louisville to be sure they get the help they need from information about grants, loans and tax breaks to connections with university and community resources.
 - For the first time, I propose making a contribution to biomedical research and job creation in this community through the business development incubator formed by the Louisville Medical Center Development Corporation.
 - And to increase venture capital for growing local businesses, I will call on local and state retirement, pension and endowment funds over the next year to invest in reliable startup companies with the potential to grow into full-fledged job creators for our community.
- Downtown the heart of our new city is bustling with new construction and new projects these days. Frankly, this budget's allocations are modest compared to all the activity underway.
 - We are committed to improvements to Sixth Street where it meets the parking garage and plaza at the site of the new Ali Center. . to downtown streetscape improvements to contributing to the downtown housing fund, which is matched by private contributions
 - And we are creating a downtown maintenance fund, shepherded by a new cross-departmental team that will focus on keeping downtown looking sharp.
- Housing is a priority we are able to address with the help of federal funds earmarked for such purposes. While we will continue to work on housing in West Louisville, we will also begin a new initiative with federal money focused on the Newburg neighborhood in south-central Louisville, a community with cohesiveness and pride as well as frustrations I have heard about frequently as I visited over the years. Our coordinated housing revitalization plan will include renovation and new construction and transform more Newburg residents from renters into homeowners.

For the Health and Family Services Cabinet, this budget focuses our commitments in strategic ways.

- The new director of the Louisville Metro Health Department who will be coming aboard in the next six months will shape its programs. But it makes sense to focus its efforts on preventive health and to let our Family Health Centers focus on primary care. This budget adds the Dixie health center to the others it manages.
- Our new health director will also serve on the faculty of University of Louisville's School of Public Health, which will pay part of the director's salary, setting the stage for a closer relationship with its faculty and resources.
- Our Neighborhood Places continue as strong hubs for a range of services. Our 8th Neighborhood Place just opened near Hazelwood Elementary and its clients already include many internationals who have settled in that area.
- Seed money is provided in this budget for two education initiatives: One is a campaign to urge our citizens to "go higher" to pursue that next degree or training program to prepare for better jobs. The second is adding educational resource information to the Greater Louisville Works website so people interested in high-growth occupations can be steered to schools offering programs in those areas.
- Partnerships with dozens of community nonprofit organizations and agencies help us meet Louisville's social- service needs. In this year's tough financial times, our grant review panels made up of my staff, council members and citizens studied and ranked dozens of funding requests.
 - About \$3 million in grants in human services are recommended, Fifteen community ministries programs will share more than \$800,000. The remaining \$2.2 million will go to non-profit organizations, from Community Coordinated Child Care to the Center for Women and Families. from ElderServe to Harbor House.
 - About \$850,000 in grants for programs to serve young people are also recommended from the Presbyterian Community Center to the Salvation Army Boys and Girls Clubs to the River City Drum Corps.

The Cabinet of Finance and Administration includes human resources, purchasing, information technology and the finance folks who have helped construct the budget I present to you today . which provides the groundwork for local government operations in the coming year.

Our new financial system will allow us to manage our resources and truly manage well.

When you build a new government, brick by brick, budget line by budget line, it's a tool that keeps your foundation strong so that you can begin to dream.

If the economy improves if employment surges if the stock market climbs if federal and state funding rise if health-care costs decline. I can promise you we will have no shortages of dreams for new initiatives and programs for our hometown.

This is a "to-be-continued" budget in the short term As I said, I will be back with adjustments as our studies are completed in coming months.

It is a "to-be-continued" budget in the longer term as well. Next year and the year after that and the year after that, our citizens will see the foundation we build together today serve as a strong base.

A base upon which ambitious new programs can be constructed that bring people together keep our citizens safe improve the quality of education and jobs in our region and strengthen our neighborhoods, center city to suburb.

When I was working on the budget, I stopped by the office of Kim Allen, who is secretary of our public protection cabinet. She had this quote by anthropologist Margaret Mead posted on her desk:

"Never doubt that a group of thoughtful, committed citizens can change the world," it said.

"Indeed it's the only thing that ever has."

Working together, we can be that group of thoughtful, committed citizens who can change our 386-square-mile piece of the world the new city of Louisville our hometown. My administration looks forward to working with you over the next 30 days toward building the foundation for our future!